3. Banks which make investments under paragraph 5 of the above Guidelines, and later qualify for risk participation in insurance business (as per paragraph 2 of the Guidelines) will be eligible to apply to the Reserve Bank for permission to undertake insurance business on risk participation basis.

RBI direction to Peerless General Finance and Investment Company Ltd.

2699. SHRI P. PRABHAKAR REDDY : Will the Minister of FINANCE be pleased to State :

(a) whether it is a fact that pursuant to the Supreme Court's judgement in 1996, the Peerless General Finance and Investment Company Ltd. was directed by the Reserve Bank of India to ban the forfeiture clauses in their savings schemes from 1st April, 1987 ;

(b) whether a similar direction was also given with regard to the various schemes which were initiated on and from 1976 and which started maturing on and from 1986 onwards;

(c) if so, details in this regard;

(d) whether these directions were fully implemented by the Company to the satisfaction of the Court; and

(e) if not, the action taken in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL) : (a) No, Sir. The Reserve Bank of India have reported that the judgement of Supreme Court in 1996 relates to the tenure of the different schemes and processing/servicing charges collected by the Peerless General Finance and Investment Company Ltd. and is not in connection with forfeiture clause incorporated in the deposit scheme floated by Peerless General Finance and Investment Company Ltd. earlier.

(b) to (d) As per the judgement dated 22-1-1987 of the Hon'ble Supreme Court, the Reserve Bank had issued Residuary Non-Banking Companies (Reserve Bank) Direction No. 55 of 1987 effective from 15th May, 1987 prohibiting forfeiture in the deposit schemes of such companies.

The Peerless General Finance and Investment Company Ltd. had, *suo moto,* withdrawn the forfeiture clause in respect of its certificates sold under different schemes with effect from November 3, 1986, i.e. before the notification of RNBC Directions dated May 15, 1987.

(e) Does not arise.